

Message Text

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ACTION XMB-07

INFO OCT-01 AF-10 EUR-25 ISO-00 EB-11 TRSE-00 CIAE-00

INR-10 NSAE-00 RSC-01 AID-20 FEA-02 INT-08 COME-00

FRB-02 OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01 OMB-01

DRC-01 /123 W

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R 240911Z APR 74

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC 5364

INFO AMEMBASSY PARIS

AMEMBASSY VIENNA

USDOC WASHDC

C O N F I D E N T I A L LIBREVILLE 0496

E.O. 11652: ADS, DECLAS 12-31-75

TAGS: ENRG, EFIN, GB

SUBJ: ENERGY: GABON RENEGOTIATING OIL COMPANY CONTRACTS

DEPARTMENT PASS EXIM

REF: LIBREVILLE A-035, APRIL 16, 1974

1. GOG MINISTRY OF MINES IS IN PROCESS OF RENEGOTIATING CONTRACTS WITH ALL OIL COMPANIES IN GABON. ALL AGREEMENTS WILL BE SIMILAR BUT SOMEWHAT MORE FAVORABLE FOR TWO COMPANIES ALREADY PRODUCING OIL -- ELF AND SHELL.

2. AGREEMENTS INCLUDE ROYALTY OF 12 PERCENT OF 95 PERCENT OF POSTED PRICE, 47 PERCENT CORPORATE INCOME TAX RATE AND PURCHASE BY GOG OF EQUITY PARTICIPATION IN SHELL (10 PERCENT) AND ELF (11.5 PERCENT) AND OTHER COMPANIES (12 AND ONE-HALF PERCENT). NO OIL IS RESERVED FOR DIRECT SALE BY GOVERNMENT.

3. ACCORDING TO MINMINES SOURCES, TAXES PAID TO GOG BY SHELL AND ELF CURRENTLY AVERAGE ABOUT DOLS 6.14 PER
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BARREL. CRUDE FOB SELLING PRICE AVERAGES DOLS 9.50 PER

BARREL. AT CURRENT PRODUCTION OF 170,000 BBL/DAY,
TOTAL GOG REVENUE CAN BE EXPECTED TO REACH DOLS 1.04
MILLION PER DAY OR DOLS 381 MILLION PER YEAR. ANNUAL
PRODUCTION ROSE 20 PERCENT IN 1973 OVER 1972 AND IS
EXPECTED TO INCREASE 25 PERCENT IN 1974 TO REACH 190,000
BBL/DAY (I.E. DOLS 425 MILLION GOG REVENUE IN 1974).

4. FOLLOWING IS PRECISE BREAKDOWN OF COSTS FRO GABON-PRODUCED
CRUDES:

A. MANDJI - 30.8 DEGREES API GRAVITY

1. POSTED PRICE	DOLS 13.03	
2. ROYALTY (12 PERCENT OF 95 PERCENT OF 1)		1.48
3. PRODUCTION COST	1.91	
4. PROFIT FOR TAX PURPOSES (93.5 PERCENT OF 1) MINUS 2 PLUS 3)	8.79	
5. TAX (47 PERCENT OF 4)	4.13	
6. GOVERNMENT REVENUES (2 PLUS 5)		5.61
7. OIL COMPANY COST (3 PLUS 6)	7.51	
8. COMP. PROFIT/BARREL	2.09	
9. SALE PRICE FOB	9.60	

B. GAMBA - 31 DEGREES API

1. POSTED PRICE	DOLS 13.79	
2. ROYALTY (12 PERCENT OF 95 PERCENT OF 1)		1.57
3. PRODUCTION COST	1.91	
4. PROFIT FOR TAX PURPOSES 1 MINUS (2 PLUS 3)		10.31
5. TAX (47 PERCENT OF 4)	4.84	
6. GOVERNMENT REVENUES (2 PLUS 5)		6.41
7. OIL COMPANY COST (3 PLUS 6)	8.32	
8. COMP. PROFIT/BARREL	0.88	
9. SALE PRICE FOB	9.20	

5. ABOVE PARAGRAPH 4 INFORMATION IS TO BE CONSIDERED
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MCKESSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, PETROLEUM PRODUCTION, CONTRACTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LIBREV00496
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: AS 19751231
Errors: N/A
Film Number: D740096-1068
From: LIBREVILLE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740418/aaaaaptr.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: LIBREVILLE A-035, APRIL 16, 1974
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAR 2002 by collinp0>; APPROVED <07 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: GABON RENEGOTIATING OIL COMPANY CONTRACTS DEPARTMENT PASS EXIM
TAGS: ENRG, EFIN, GB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005